

Message Text

UNCLASSIFIED

PAGE 01 BRUSSE 0919Z 01 OF 05 122236Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 TRSY-06 AID-05 CEA-01
CIAE-00 COME-00 EB-08 FRB-01 INR-10 NSAE-00 SP-02
STR-07 LAB-04 SIL-01 OMB-01 /073 W
-----087853 122339Z /66

R 122120Z MAY 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6538
INFO ALL EC CAPITALS
USMISSION GENEVA

UNCLAS SECTION 01 OF 05 BRUSSELS 0919Z

USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: COUNCIL OF EC AGRICULTURAL MINISTERS PRICE-FIXING
MARATHON MAY 8-12 1978
REF: (A) BRUSSELS 8425; (B) EC A-10; (C) EC A-13;
(D) 77 BRUSSELS 18330; (E) EC A-96; (F) EC A-21;
(G) BRUSSELS 8744

1. SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS
APPROVED AD REFERENDUM AN AVERAGE 2.5 PER CENT INCREASE IN
EC FARM PRICES FOR 1978/79 (REPORTED SEPTEL). ITALY'S
FINAL DECISION ON THE PACKAGE WILL BE MADE ON MAY 18.
MAJOR POLICY DECISIONS TAKEN BY THE COUNCIL INCLUDE:
REDUCTION IN PIGMEAT MCA'S, A COMMITMENT TO TAKE STRUCTUR-
AL MEASURES AND STRENGTHEN SUPPORT MEASURES IN THE WINE
SECTOR, FIXING OF THE B QUOTA FOR SUGAR AT 127.5 PER CENT,
ADOPTION OF PROCESSING SUBSIDIES FOR FRUIT AND VEGETABLES,
REDUCTION OF THE CORESPONSIBILITY LEVY FOR MILK FROM 1.5
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 0919Z 01 OF 05 122236Z

TO 0.5 PER CENT, AND A NUMBER OF IMPORTANT STRUCTURAL
MEASURES PRIMARILY FOR THE BENEFIT OF THE MEDITERRANEAN
REGION, BUT ALSO INCLUDING SOME SPECIAL MEASURES FOR THE
BENELUX COUNTRIES AND IRELAND. IN THE DAIRY SECTOR, THE
COUNCIL ALSO APPROVED A NUMBER OF SUBSIDY PROGRAMS TO
ENCOURAGE EC CONSUMPTION OF BUTTER AND THE EXTENSION OF
THE PREMIUM SYSTEM FOR WITHHOLDING OF MILK PRODUCTION AND

HERD CONVERSION; THEY DID NOT APPROVE THE COMMISSION'S PROPOSAL TO SUSPEND INTERVENTION PURCHASES OF NFDM. WITH REGARD TO BEEF, SOME CHANGES WERE MADE IN THE INTERVENTION SYSTEM AND PREMIUMS FOR CATTLE

SLAUGHTER AND CALF BIRTH WERE EXTENDED. THE COUNCIL ALSO APPROVED NEW OR SUBSTANTIALLY REVISED PROGRAMS FOR FEED PEAS OR BEANS, DEHYDRATED FORAGE, AND OLIVE OIL.

DECISIONS OF INTEREST TO THE UNITED STATES INCLUDE THE EXTENSION OF THE 3 U.A./M.T. REDUCTION IN THE LEVY ON ITALIAN IMPORTS OF FEEDGRAINS THROUGH 1978/79, AN INCREASE IN THE PENETRATION PREMIUM FOR LEMONS, AND A DECLARATION OF THE COMMISSION'S INTENTION TO EXAMINE THE POSSIBILITY OF ESTABLISHING RULES FOR THE APPLICATION OF COUNTERVAILING DUTY PROVISIONS TO OILSEED MEAL. END SUMMARY.

2. AFTER FIVE DAYS OF INTENSE DELIBERATIONS, MAY 8-12, WHICH INCLUDED TWO ALL NIGHT SESSIONS, THE EC COUNCIL OF AGRICULTURAL MINISTERS FINALLY ADOPTED AD REFERENDUM AN AVERAGE 2.5 PER CENT INCREASE IN THE 1978/79 FARM PRICES (REPORTED SEPTEL). THE PRICE PACKAGE AND THE MEDITERRANEAN PACKAGE WERE CONSIDERED IN TANDEM. ITALY'S REFUSAL TO APPROVE THE OVERALL PACKAGE MADE ITS ADOPTION AD REFERENDUM. MARCORA WILL INFORM THE COUNCIL OF ITALY'S FINAL DECISION ON THURSDAY, MAY 18.

3. ACCORDING TO THE ITALIAN PERMDEL, MINISTER MARCORA INSISTED ON DEBATING THE ISSUE WITH THE ITALIAN PARLIA-
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 09192 01 OF 05 122236Z

MENT BEFORE A DECISION IS TAKEN. IF ITALY REFUSES TO BUDGE, THE AGRICULTURAL MINISTERS WILL HAVE TO RECONVENE AND RENEGOTIATE THE PRICE PACKAGE. ITALY'S DISSATISFACTION CENTERS AROUND THE COUNCIL BEING UNABLE TO DRAW UP A DECLARATION OR RESOLUTION WITH REGARD TO THE COMMISSION PROPOSAL CONCERNING IMPROVEMENTS IN THE FORESTRY SECTOR IN THE MEDITERRANEAN BASIN AND THE ESTABLISHMENT OF AGRICULTURAL ADVISORY SERVICES IN ITALY. THE PROPOSALS CALLED FOR THE EXPENDITURE OF 230 MILLION U.A. OVER FIVE YEARS FOR THE FORESTRY SECTOR AND 79 MILLION U.A. OVER 13 YEARS FOR THE ADVISORY SERVICES. APPARENTLY UK MINISTER SILKIN AND GERMAN MINISTER ERTL REFUSED TO APPROVE THESE OUTLAYS.

4. ONE SESSION OF THE DELIBERATIONS, RUNNING FROM MID-NIGHT TO 1:00 PM OF THE FOLLOWING DAY, CONSISTED PRIMARILY OF QUOTE RESTRICTED UNQUOTE OR QUOTE SUPER RESTRICTED UNQUOTE (EXCLUSION OF STAFF AIDES) MEETINGS. PRESS BRIEFINGS WERE EXTREMELY SCARCE AND BRIEF AS THE COMMISSION AND COUNCIL PRESS SPOKESMEN WERE UNABLE TO ATTEND NUMEROUS SESSIONS. THE POLICY DECISIONS TAKEN BY THE MINISTERS ARE OUTLINED IN SUBSEQUENT PARAGRAPHS BY SECTOR.

5. MCA (MONETARY COMPENSATORY AMOUNTS) SYSTEM: CHANGES IN MEMBER STATE GREEN RATES WERE REPORTED SEPTEL. SEPTEL ALSO NOTED THAT, IN THE CASE OF FRANCE, A SPECIAL GREEN RATE WILL APPLY IN THE CASE OF PIGMEAT WHICH WILL RESULT IN A SUBSTANTIAL DECREASE IN MCA'S APPLYING TO FRENCH TRADE IN THAT SECTOR. THE COUNCIL ALSO AGREED TO REDUCE THE MINIMUM PURCHASE PRICE FOR HOG CARCASSES FROM 85 TO 78 PER CENT OF THE BASE PRICE; AS MCA'S ARE CALCULATED ON THE BASIS OF THIS MINIMUM PURCHASE PRICE, THIS WILL RESULT IN A REDUCTION IN MCA'S APPLYING TO TRADE IN PIG-

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BRUSSE 09192 02 OF 05 122236Z

ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 TRSY-06 AID-05 CEA-01

CIAE-00 COME-00 EB-08 FRB-01 INR-10 NSAE-00 SP-02

STR-07 LAB-04 SIL-01 OMB-01 /073 W

-----087856 122344Z /66

R 122120Z MAY 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 6539

INFO ALL EC CAPITALS

USMISSION GENEVA

UNCLAS SECTION 02 OF 05 BRUSSELS 09192

MEAT THROUGHOUT THE EC. THE UK AND FRANCE HAVE PRESSED HARD FOR REDUCTIONS IN PIGMEAT MCA'S THROUGHOUT THE PRICE NEGOTIATIONS, CLAIMING THAT THEIR PIGMEAT INDUSTRIES HAD BEEN ADVERSELY AFFECTED BY THE MCA SYSTEM. THE COUNCIL WAS UNABLE TO REACH ANY AGREEMENT ON THE AUTOMATIC REDUCTION OF MCA'S AND INSTEAD CONTENTED ITSELF WITH A VAGUE COMMITMENT TO QUOTE PROGRESS REGULARLY ON THE PATH LEADING TO THE ELIMINATION OF EXISTING MCA'S UNQUOTE.

6. GRAINS: AS NOTED SEPTEL, THE COUNCIL HAS TIGHTENED SOMEWHAT THE CRITERIA FOR DETERMINING MILLING QUALITY WHEAT. THE COMMISSION HAS COMMITTED ITSELF TO BUY ALL MILLING QUALITY WHEAT OFFERED TO INTERVENTION AGENCIES AT THE REFERENCE PRICE FOR THE FIRST THREE MONTHS OF THE 1978/79 MARKETING YEAR. THE COUNCIL REJECTED THE COMMISSION'S PROPOSAL TO FURTHER REDUCE THE NUMBER OF REGIONS ELIGIBLE FOR THE DURUM WHEAT PRODUCER SUBSIDY. ALL THE REGIONS ELIGIBLE IN 1977/78 WILL BE ELIGIBLE IN 1978/79. IN ADDITION, THE FRENCH REGIONS OF MARSEILLE

AND TOULOUSE AND THE FRENCH DEPARTMENTS OF ARDECHE AND LA DROME WILL BE ADDED TO THE LIST. THE REDUCTION IN THE ITALIAN IMPORT LEVY ON FEEDGRAINS IMPORTED BY SEA WILL BE MAINTAINED AT 3 U.A./M.T. FOR THE 1978/79 MARKETING YEAR.
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 09192 02 OF 05 122236Z

PRODUCTION SUBSIDIES WILL BE REESTABLISHED FOR CORN GROATS AND BROKEN RICE USED IN BREWING AND QUELLMEHL USED IN BAKING IN 1978/79; UPON REQUEST, SUCH SUBSIDIES WILL BE PAID RETROACTIVELY TO OCTOBER 19, 1977. AS REPORTED REF F, THE EUROPEAN COURT OF JUSTICE HAD ORDERED THE EC TO REESTABLISH THESE SUBSIDIES. THE COUNCIL HAS ALSO COMMITTED ITSELF TO A COMPLETE REVIEW OF EC POLICIES IN THE STARCH SECTOR BEFORE JANUARY 1, 1979. FINALLY, THE COUNCIL QUOTE TAKES NOTE UNQUOTE OF THE COMMISSION'S INTENTION TO ACCELERATE ITS EXAMINATION OF FEEDGRAIN SUBSTITUTES, PARTICULARLY MANIOC, WITH A VIEW TOWARDS TAKING QUOTE ALL MEASURES WHICH MIGHT BE DEEMED NECESSARY UNQUOTE.

7. OILSEEDS. IN CONNECTION WITH THE PRICE DECISIONS ON OILSEEDS, THE COMMISSION ANNOUNCED THE FOLLOWING INTENTIONS:

(A) TO CONSIDER THE USE OF RAPESEED OIL IN THE FOOD AID PROGRAM.

(B) TO EXAMINE THE POSSIBILITY OF FIXING RULES FOR THE APPLICATION OF ARTICLE 3 OF COUNCIL REGULATION NO. 136/66 (SAFEGUARD AND COUNTERVAILING DUTY) TO OILSEED MEAL (SEE REF G).

(C) TO EXAMINE THE POSSIBILITY OF GRANTING SUBSIDIES FOR THE QUOTE DEGERMINATION UNQUOTE OF CORN, EXCLUDING DEGERMINATION UNDERTAKEN IN THE STARCH INDUSTRY. PROPOSALS MAY BE PRESENTED TO THE COUNCIL BEFORE JULY 1, 1978.

(D) TO STUDY THE EFFECTS OF THE EC SUBSIDY PROGRAMS FOR SOYBEANS, FLAX, AND LINSEED. IN THE LIGHT OF THE
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 09192 02 OF 05 122236Z

SOYBEAN STUDY, CHANGES MAY BE PROPOSED IN THE PROGRAM FOR 1979/80.

8. BEEF: THE COUNCIL ADOPTED THE RULES AMENDING THE INTERVENTION SYSTEM FOR BEEF AND VEAL. INTERVENTION

PURCHASES OF CERTAIN QUALITIES OF BEEF MAY BE SUSPENDED IF THE PRICE OF THESE QUALITIES REMAIN BETWEEN 100 AND 102 PER CENT OF THE MAXIMUM BUYING IN PRICE FOR THREE CONSECUTIVE WEEKS. THE COUNCIL ALSO AGREED TO MAINTAIN VARIABLE PREMIUMS FOR CATTLE SLAUGHTER DURING 1978/79 AS WELL AS THE 35 U.A. PER HEAD PREMIUM FOR CALF BIRTHS.

9. WINE: WINE WAS APPARENTLY A MAJOR STUMBLING BLOCK DURING THE MINISTERS' DISCUSSION. THE ITALIANS AND THE FRENCH BATTLED FOR HOURS ON THE NECESSARY MEASURES TO BE TAKEN IN THE EVENT THE WINE MARKET PRICE REMAINED BELOW 85 PER CENT OF THE GUIDE PRICE FOR THREE CONSECUTIVE WEEKS. FRANCE PREFERRED A FLOOR PRICE SYSTEM, WHILE ITALY LEANED TOWARD THE DISTILLATION OF WINE INTO ALCOHOL. IMPROVEMENT OF THE INTERNAL REGIME AND STRUCTURAL MEASURES WERE THORNY ISSUES DURING THE DISCUSSIONS

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BRUSSE 09192 03 OF 05 122300Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 TRSY-06 AID-05 CEA-01
CIAE-00 COME-00 EB-08 FRB-01 INR-10 NSAE-00 SP-02
STR-07 LAB-04 SIL-01 OMB-01 /073 W
-----087968 122346Z /66

R 122120Z MAY 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6540
INFO ALL EC CAPITALS
USMISSION GENEVA

UNCLAS SECTION 03 OF 05 BRUSSELS 09192

AND THE COUNCIL FINALLY DECIDED THAT A PROPOSAL RELATED TO STRUCTURAL MEASURES WOULD BE PRESENTED BY AUGUST 1, 1978. AS REGARDS THE INTERNAL REGIME, THE COUNCIL DECIDED THAT IF THE MARKET PRICE OF A TYPE OF TABLE WINE REMAINED BELOW 85 PER CENT OF THE GUIDE PRICE FOR THREE CONSECUTIVE WEEKS, IT WILL ADOPT MEASURES TO ENSURE THAT THE MARKET PRICE IS QUICKLY RESTORED TO OR GREATER THAN THE TRIGGER PRICE. THE ENVISAGED MEASURES CONSIST OF REFUNDS FOR EXPORTS TO NON-MEMBER COUNTRIES, AIDS FOR PROCESSING AND STORING OF MUSTS AND GRAPE JUICE, AND IF NECESSARY, THE INTRODUCTION OF A FLOOR PRICE ACCOMPANIED

BY DISTILLATION. IN THE EVENT OF DISTILLATION, THE COUNCIL WILL FIX THE AMOUNT TO BE PAID FROM FEOGA FUNDS.

10. PROCESSED FRUIT AND VEGETABLES: IT WAS AGREED THAT SUBSIDIES WOULD BE GRANTED FOR THE PRODUCTION OF TOMATO CONCENTRATE, PEELED TOMATOES, CANNED PEACHES, AND PRUNES. APRICOTS AND SUMMER PEARS WERE WITHDRAWN FROM THE LIST OF SUCH PRODUCTS. THE AMOUNT OF THE SUBSIDY WILL BE EQUAL TO THE DIFFERENCE BETWEEN THE PRICE OF PRODUCTS PRODUCED IN THE COMMUNITY AND THOSE PRODUCED IN THIRD COUNTRIES. THE SUBSIDIES ARE TO BE PAID TO THE PROCESSOR ON THE CONDITION THAT HE PURCHASES THE COMMODITY FROM THE PRODUCER AT A MINIMUM PRICE. THE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 09192 03 OF 05 122300Z

PROCESSING SUBSIDY SYSTEM IS TO BE REEXAMINED BEFORE OCTOBER 1, 1982 TO DETERMINE IF IT SHOULD BE CONTINUED.

11. FRESH FRUIT AND VEGETABLES: THE PENETRATION PREMIUM FOR LEMONS WAS INCREASED FROM 5.33 TO 5.44 U.A./100 KG. THE COMMISSION HAD INITIALLY PROPOSED THE PHASING OUT OF THE PENETRATION PREMIUM OVER THREE YEARS. AFTER RECEIVING AN OPINION FROM THE EUROPEAN PARLIAMENT, THE COUNCIL INTENDS TO ADOPT THE COMMISSION PROPOSAL ESTABLISHING A PERMANENT SYSTEM OF SUBSIDIES FOR THE PROCESSING OF LEMONS AND BLOOD ORANGES WITHDRAWN FROM THE MARKET. THE COUNCIL AGREED TO THE COMMISSION'S PROPOSAL FOR AIDS TO ESTABLISH PRODUCER GROUPS IN THE FRUIT AND VEGETABLE SECTORS OVER THE NEXT SEVEN YEARS. THE AMOUNT OF THE AID FOR THE FIRST, SECOND, THIRD, FOURTH AND FIFTH YEAR FOLLOWING THE DATE OF ESTABLISHMENT WILL BE EQUAL TO A MAXIMUM OF 5, 4, 3, 2, AND 1 PER CENT, RESPECTIVELY, OF THE VALUE OF MARKETED PRODUCTION COVERED BY THE ACTION OF THE PRODUCERS' ORGANIZATION BUT NOT TO EXCEED THE ACTUAL COSTS OF FORMING AND RUNNING THE GROUP. THE COUNCIL AGREED TO STRENGTHEN INTERVENTION MEASURES AFFECTING PEACHES AND SUMMER PEARS. THESE COMMODITIES MAY NOW BE PURCHASED BY INTERVENTION AGENCIES DURING A SERIOUS CRISIS SITUATION. WHEN THE MARKET PRICE EQUALS OR FALLS BELOW THE PURCHASE PRICE PLUS 5 PER CENT OF THE BASIC PRICE FOR TWO CONSECUTIVE DAYS, A CRISIS SITUATION IS CONSIDERED TO BE TRIGGERED. THE COMMISSION PROPOSALS RELATED TO THE MODIFICATION OF THE METHOD OF CALCULATING THE REFERENCE PRICE AND ON THE ENTRY PRICES FOR TOMATOES, PEACHES, AND TABLE GRAPES WERE WITHDRAWN FROM THE PACKAGE.

12. SUGAR: THE COUNCIL REDUCED THE MAXIMUM QUOTA FOR THE 1978/79 MARKETING SEASON FROM 135 TO 127.5 PER CENT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 09192 03 OF 05 122300Z

OF THE BASE QUOTA, HALF OF THE REDUCTION RECOMMENDED BY THE COMMISSION. THE SPECIAL MAXIMUM QUOTA FOR THE NETHERLANDS AND BELGIUM WAS FIXED AT 227.5 PER CENT OF THE BASE QUOTA FOR THE 1978/79 AND 1979/80 MARKETING SEASONS, COMPARED TO 230 PER CENT IN THE PREVIOUS TWO YEARS. THE COMMISSION HAD RECOMMENDED 220 PER CENT. THE SUBSIDY PAID TO ITALIAN GROWERS WAS SET AT 11 U.A. PER TON OF SUGARBEETS, BUT IT WILL NOT BE PAID FOR SUGARBEETS IN EXCESS OF THE QUANTITY NEEDED TO PRODUCE 1.4 MILLION TONS OF REFINED SUGAR. THE COUNCIL APPROVED A MANDATE TO THE COMMISSION TO NEGOTIATE ANNUALLY GUARANTEED PRICES FOR SUGAR FROM ACP COUNTRIES DELIVERED DURING 1978/79 IN ACCORDANCE WITH PROTOCOL NO. 3 OF THE LOME CONVENTION. PREFERENTIAL SUGAR FROM INDIA WAS ALSO INCLUDED IN THIS DECISION. ISOGLUCOSE: THE PRODUCTION TAX ON ISOGLUCOSE WILL BE MAINTAINED AT 5 U.A. PER 100 KG IN 1979/80.

13. FIELD (FEED) PEAS, BEANS AND SIMILAR VEGETABLE PROTEINS: THE COUNCIL APPROVED THE NEW SYSTEM PROPOSED BY THE COMMISSION (REF B) FOR SUBSIDIZING THE PRODUCTION OF FEED PEAS, BEANS AND OTHER SIMILAR SOURCES OF VEGETABLE PROTEIN. THERE WILL BE A THRESHOLD TRIGGER PRICE TO BE FIXED EACH YEAR, WHICH WOULD PUT INTO EFFECT A SYSTEM OF SUBSIDIES FOR CERTAIN QUALITY TYPES OF FIELD (FEED) PEAS, BEANS AND SIMILAR PRODUCTS THAT FALL UNDER CXT POSITIONS 07.05 B I AND 07.05 B III. THE NEW SYSTEM PROVIDES FOR MINIMUM PRICES IN CONTRACTS ENTERED INTO BY FIELD (FEED) PEA AND BEAN GROWERS AND ANIMAL FEED COMPOUNDERS TO BE FIXED AT A LEVEL THAT WOULD PERMIT GROWERS TO OBTAIN A FAIR RETURN, WHILE TAKING INTO ACCOUNT VARIOUS MARKET FACTORS AND MARKETING COSTS BETWEEN PRODUCTION AND PROCESSING AREAS. THE MINIMUM PRICE WOULD BE FIXED AT THE

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BRUSSE 09192 04 OF 05 122300Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 TRSY-06 AID-05 CEA-01
CIAE-00 COME-00 EB-08 FRB-01 INR-10 NSAE-00 SP-02
STR-07 LAB-04 SIL-01 OMB-01 /073 W
-----087981 122348Z /66

R 122120Z MAY 78
FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 6541
INFO ALL EC CAPITALS
USMISSION GENEVA

UNCLAS SECTION 04 OF 05 BRUSSELS 09192

SAME TIME AND ACCORDING TO THE SAME PROCEDURE AS THE TRIGGER PRICE. FOR THE 1978/79 MARKETING SEASON, THE COUNCIL APPROVED A GUARANTEED MINIMUM PRICE OF 175 U.A. PER METRIC TON AND A TRIGGER THRESHOLD PRICE OF 285 U.A. PER METRIC TON; 25 AND 55 U.A. PER METRIC TON, RESPECTIVELY, HIGHER THAN PROPOSED BY THE COMMISSION. THE TRIGGER PRICE IS BASED ON SOYMEAL CONTAINING 44 PER CENT PROTEIN AND 11 PER CENT MOISTURE. AT THE SAME TIME, THE COUNCIL TOOK NOTE OF THE COMMISSION'S INTENTION TO OBSERVE THE IMPACT OF THIS REGULATION ON THE MARKET FOR PULSES FOR HUMAN CONSUMPTION, AND TO PROPOSE TO THE COUNCIL MEASURES WHICH WOULD CORRECT ANY DISTORTIONS IN COMPETITION THAT MIGHT OCCUR. IT ALSO NOTED THE COMMISSION'S INTENTION TO EXAMINE THE POSSIBILITY OF APPLYING MONETARY MEASURES AND PREFIXING SUBSIDIES FOR THESE PRODUCTS, FOR WHICH IT WOULD MAKE PROPOSALS TO THE COUNCIL FOR THE 1979/80 MARKETING SEASON IF NECESSARY.

14. DEHYDRATED FORAGE: THE COUNCIL APPROVED THE COMMISSION'S PROPOSAL IN THIS SECTOR AS DESCRIBED IN REF B. THUS, THE SUBSIDY SYSTEM NOW APPLIES TO SUN-DRIED ALFALFA AND PROTEIN CONCENTRATES OBTAINED FROM GRASS OR ALFALFA JUICE. IT ALSO APPLIES TO DEHYDRATED POTATOES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 09192 04 OF 05 122300Z

(CXT EX 07.04 B) AND POTATO FLOUR, MEAL AND FLAKES NOT FIT FOR HUMAN CONSUMPTION (CST EX 11.05). THE FLAT RATE SUBSIDY VALID THROUGHOUT THE COMMUNITY WAS FIXED AT 5 U.A. PER METRIC TON, COMPARED TO 3 U.A. PROPOSED BY THE COMMISSION. THE GUIDE PRICE FOR PRODUCTS DRIED ARTIFICALLY OR IN THE SUN WAS SET AT 103 U.A. PER METRIC TON. AN ADDITIONAL SUBSIDY FOR PRODUCTS OBTAINED FROM FORAGES HARVESTED IN THE COMMUNITY IS TO BE PAID WHEN THE AVERAGE WORLD MARKET PRICE FOR DEHYDRATED FORAGE FALLS BELOW THE GUIDE PRICE. THE FORMER WOULD BE DETERMINED ON THE PRICES OF THE MOST FAVORABLE PURCHASE OPPORTUNITY IN THE WORLD MARKET AND ADJUSTED WHERE NECESSARY TO A QUALITY TYPE FOR PRODUCTS ARTIFICALLY OR SUN-DRIED. THE ADDITIONAL SUBSIDY WILL BE EQUAL TO 70 AND 40 PER CENT, RESPECTIVELY, OF THE DIFFERENCES BETWEEN THE GUIDE PRICES AND WORLD MARKET PRICES OF DEHYDRATED AND SUN-DRIED PRODUCTS. THE AMOUNT OF THE ADDITIONAL SUBSIDY IS TO BE FIXED PERIODICALLY BY THE COMMISSION.

15. DAIRY. THE COUNCIL DID NOT ACCEPT THE COMMISSION'S PROPOSAL TO SUSPEND INTERVENTION PURCHASES OF NFDM (REF E). HOWEVER, THE COUNCIL INVITED THE COMMISSION TO SUBMIT A COMPLETE REPORT ON THE DAIRY SECTOR THIS SUMMER. ON THE BASIS OF THIS REPORT, THE COUNCIL IS TO REEXAMINE THE SITUATION IN THE DAIRY SECTOR, ALONG WITH THE POSSIBILITY OF SUSPENDING INTERVENTION PURCHASES FOR NFDM, BEFORE OCTOBER 1, 1978. AS NOTED SEPTEL, THE COUNCIL REDUCED THE CORESPONSIBILITY TAX ON MILK FROM 1.5 TO 0.5 PER CENT, EFFECTIVE RETROACTIVELY TO MAY 1, 1978. THE COUNCIL ALSO APPROVED THE EXTENSION OF THE PREMIUM SYSTEM FOR THE WITHHOLDING OF MILK PRODUCTION AND HERD CONVERSION. THE AMOUNT OF THE PREMIUMS WILL BE INCREASED BUT APPARENTLY NOT TO THE EXTENT PROPOSED BY THE COMMISSION
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 09192 04 OF 05 122300Z

(REF E). THE PREMIUMS ARE TO BE FINANCED 100 PER CENT BY FEOGA. THE COMMISSION WILL SUBMIT A REPORT ON THE OPERATION OF THE PROGRAM BEFORE FEBRUARY 1, 1979. IF THE NUMBER OF CATTLE COVERED BY THE PROGRAM BY THEN IS STILL LESS THAN 1.3 MILLION, ANOTHER EXTENSION WILL BE PROPOSED. THE FOLLOWING ACTIONS WERE TAKEN WITH RESPECT TO CONSUMER SUBSIDIES FOR BUTTER:

(A) THE LIMIT OF 56 U.A./100 KG ON SUBSIDIES FOR THE CONSUMPTION OF BUTTER HAS BEEN ELIMINATED.

(B) THE SPECIAL UK SUBSIDY FOR BUTTER CONSUMPTION, DUE TO EXPIRE AT THE END OF 1978, WILL NOW BE EXTENDED TO MARCH 31, 1979. UNTIL THE END OF THE YEAR, THE EC WILL FINANCE 100 PER CENT OF THIS SUBSIDY UP TO AN AMOUNT OF 23 U.A./100 KG AND 25 PER CENT FOR THE PART OF THE SUBSIDY IN EXCESS OF 23 U.A./100 KG. FROM JANUARY 1 TO MARCH 31, 1979, THE EC WILL FINANCE 100 PER CENT OF THE SUBSIDY UP TO 18 U.A./100 KG AND 25 PER CENT IN EXCESS OF THIS AMOUNT.

(C) A 50 U.A./100 KG SUBSIDY WILL BE ESTABLISHED FOR SPECIAL (I.E., DISADVANTAGED) CATEGORIES OF CONSUMERS.

(D) AN ADDITIONAL 50 MILLION U.A. WILL BE ALLOCATED FOR INTERNAL BUTTER DISPOAL PROGRAMS IN 1978/79. PART OF THIS FUND WILL FINANCE SALES OF SECOND QUALITY BUTTER FROM INTERVENTION STOCKS; A SUBSIDY OF 24 U.A./100 KG IS ENVISAGED. PART OF THE FUND MAY ALSO BE USED FOR PROGRAMS SIMILAR TO THE 1977 CHRISTMAS BUTTER PROGRAM. THE COUNCIL AUTHORIZED THE CONTINUED OPERATION OF THE UK

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BRUSSE 09192 05 OF 05 122312Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 TRSY-06 AID-05 CEA-01
CIAE-00 COME-00 EB-08 FRB-01 INR-10 NSAE-00 SP-02
STR-07 LAB-04 SIL-01 OMB-01 /073 W
-----088034 122352Z /66

R 122120Z MAY 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6542
INFO ALL EC CAPITALS
USMISSION GENEVA

UNCLAS SECTION 05 OF 05 BRUSSELS 09192

MILK MARKETING BOARD UNDER CERTAIN CONDITIONS AIMED AT
ASSURING THAT IT WILL NOT DISTORT INTRA-EC COMPETITION.
THIS ISSUE WAS OF MAJOR IMPORTANCE TO THE UK AND
AGRICULTURE MINISTER SILKEN DECLARED HIMSELF VERY PLEASED
WITH THIS RESULT. OTHER DECISIONS TAKEN ON DAIRY
INCLUDED:

(A) APPROVAL OF A 13 U.A./100 KG SUBSIDY FOR CERTAIN
MILK PRODUCTS GOING INTO NATIONAL SCHOOL LUNCH PROGRAMS.

(B) ESTABLISHMENT, SUBJECT TO PARLIAMENTARY
APPROVAL, OF STORAGE SUBSIDIES FOR PROVOLONE CHEESE,
AGED AT LEAST THREE MONTHS.

(C) AGREEMENT TO TAKE A DECISION IN THE NEAR FUTURE
ON HARMONIZATION OF QUALITY AND SANITARY NORMS FOR FRESH
MILK.

(D) AGREEMENT TO TRANSFER 100,000 TONS OF NFDM TO
ITALIAN INTERVENTION AGENCIES FOR EVENTUAL USE AS ANIMAL
FEED.

16. OLIVE OIL: THE COUNCIL APPROVED IN GENERAL TERMS
THE REVISION OF THE OLIVE OIL CAP PROPOSED AS PART OF THE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 09192 05 OF 05 122312Z

COMMISSION'S MEDITERRANEAN REFORM PACKAGE (REF C). THE
MOST IMPORTANT FEATURE OF THE REVISED CAP PROPOSED BY

THE COMMISSION IS THE INTRODUCTION OF MARKETING SUBSIDIES IN ADDITION TO THE EXISTING PRODUCER SUBSIDIES. THE MARKETING SUBSIDIES WILL PRESUMABLY NOT BE FIXED UNTIL CLOSE TO THE START OF THE 1978/79 OLIVE OIL MARKETING YEAR (NOVEMBER 1). THE COMMISSION IS TO SUBMIT A REPORT ON THE OPERATION OF THE REVISED SYSTEM BEFORE OCTOBER 31, 1980. THE COUNCIL HAS COMMITTED ITSELF TO MAINTAINING THE AMOUNT OF THE PRODUCER SUBSIDY FOR OLIVE OIL (IN TERMS OF ITALIAN LIRA) THROUGH THE 1981/82 MARKETING YEAR AT A LEVEL AT OR ABOVE THAT OF 1978/79 -- ASSUMING NO SIGNIFICANT CHANGE IN THE MARKET SITUATION.

17. STRUCTURAL AND REGIONAL POLICIES:

(A) THE COUNCIL, AFTER LONG HOURS OF DEBATE, AGREED TO CERTAIN MEASURES TO IMPROVE STRUCTURAL AND REGIONAL POLICIES IN THE MEDITERRANEAN BASIN. A TOTAL OF 610 MILLION U.A. HAVE BEEN ALLOCATED TO THE MEZZOGIORNO REGION OF ITALY AND THE MIDI REGION OF FRANCE FOR IMPROVING THE PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS OVER THE NEXT FIVE YEARS. FUNDS TOTALING 105 MILLION U.A. FOR FIVE YEARS WERE ALLOCATED FOR THE IMPROVEMENT OF THE QUALITY OF WINE IN THE LANGUEDOC-ROUSSILLON REGION OF FRANCE. TO IMPROVE OPERATION OF IRRIGATION PROJECTS IN THE MEZZOGIORNO REGION, THE COUNCIL AGREED TO A SUM OF 260 MILLION U.A. OVER A FIVE YEAR PERIOD. ALLOCATIONS FROM THE EUROPEAN REGIONAL FUNDS WILL BE PROVIDED FOR THE IMPROVEMENT OF INFRASTRUCTURE IN RURAL AREAS, PARTICULARLY IN THE LESS FAVORABLE AREAS OF ITALY AND IN THE SOUTH OF FRANCE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 09192 05 OF 05 122312Z

(B) COUNCIL DECISION WAS POSTPONED ON THE PROPOSALS TO ALLOCATE FUNDS FOR IMPROVEMENTS IN THE FORESTRY SECTORS OF THE MEDITERRANEAN BASIN AND FOR THE ESTABLISHMENT OF ADVISORY SERVICES IN ITALY. THE COUNCIL INTENDS TO MAKE A DECISION ON THESE ISSUES BY SEPTEMBER 30, 1978.

(C) THE COUNCIL AGREED TO AN ALLOTMENT OF 24 MILLION U.A. OVER FIVE YEARS FOR THE ESTABLISHMENT OF PRODUCER GROUPS IN SEVERAL REGIONS OF THE COMMUNITY AND ITS OVERSEAS TERRITORIES. PRODUCER GROUPS WILL BE FORMED TO COVER AGRICULTURAL PRODUCTION IN ITALY; THE MIDI REGION OF FRANCE; TROPICAL FRUITS AND BEEF IN THE OVERSEAS TERRITORIES; GRAINS, BEEF, PORK AND ALFALFA IN BELGIUM.

(D) THE COUNCIL AGREED TO ALLOT 26 MILLION U.A. OVER FIVE YEARS FOR THE IMPROVEMENT OF DRAINAGE SYSTEMS IN IRELAND AND NORTHERN IRELAND AND REQUESTED THE COMMISSION TO DRAFT A PROPOSAL FOR ADDITIONAL MEASURES

TO IMPROVE STRUCTURAL AGRICULTURE IN THE WEST OF IRELAND.

(E) THE COUNCIL TOOK NOTE OF THE COMMISSION'S
INTENTION TO SUBMIT PROPOSALS CONCERNING FLOOD PREVENTION
MEASURES IN BAS-HERAULT IN FRANCE AND IRRIGATION PROJECTS
IN CORSICA, AND TO CONSIDER SPECIAL MEASURES FOR THE
PARTICULAR NEEDS OF THE BENELUX COUNTRIES WHEN ALLOCATING
FEOGA GUIDANCE SECTOR FUNDS AMONG INDIVIDUAL PROJECTS.
HINTON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRICES, PRICE FIXING, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE09192
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780203-0049
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780566/aaaacduy.tel
Line Count: 610
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a0e516a0-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 12
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 8425, 77 BRUSSELS 18330
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2711915
Secure: OPEN
Status: NATIVE
Subject: COUNCIL OF EC AGRICULTURAL MINISTERS PRICE-FIXING MARATHON MAY 8-12 1978
TAGS: EAGR, EEC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a0e516a0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014